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Dale Marshall

ANNUAL DEVELOPMENT PROGRAM PROJECT

*A
assessment
of city's
management
emphasis*

INVENTORY OF EXISTING

MUNICIPAL MANAGEMENT MECHANISMS

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INVENTORY OF EXISTING
MUNICIPAL
MANAGEMENT MECHANISMS

a background report
prepared by the staff of the
Annual Development Program Project

preliminary draft
March 15, 1973

revised draft
July 30, 1973

The preparation of this report was financed in part with a grant from the
U.S. Federal Regional Council, Region IX, San Francisco

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MANAGEMENT INFORMATION

a background report

prepared by the staff of the

Agency Development Program Project

preliminary draft
March 10, 1973

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July 23, 1973

The preparation of this report was funded in part with a grant from the
U.S. Federal Regional Council, Region IX, San Francisco

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The report was prepared under the direction of the Director of Planning, with the advice and assistance of a technical advisory committee of City & County officials. The Technical Advisory Committee members are: Allan B. Jacobs, Director of Planning and chairman; Thomas J. Mellon, Chief Administrative Officer; John H. Tolan, Jr., Deputy for Development; Nathan B. Cooper, Controller; George Grubb, Director of Budgets; Harvey Rose, Budget Analyst, Board of Supervisors; Charles Countee, Director, Model Cities Program; Robert L. Rumsey, Executive Director, S. F. Redevelopment Agency; William Becker, Director, Human Rights Commission; Dr. Francis Curry, Director, Department of Public Health.

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P R E F A C E

Over the past twenty years American cities have relied upon federal assistance to deal with an increasing number of urban problems. The federal government has attempted to assist cities by designing urban programs and providing money for their augmentation at the local level. Over time localities have gained the know-how to design and administer local programs, and have sought a greater freedom in using federal assistance at the local level. In response to change and the requests of Mayors and Governors that more locally-raised revenues be returned to the cities, the federal government has begun moving toward "responsible decentralization" and a greater reliance on local government leadership. This paper addresses the specific circumstances facing San Francisco in this new era of Federal programming. It describes existing local procedures and recent federal efforts and points to the areas of match and mismatch between the two.

The federal administration has emphasized revenue sharing as a means of redistributing the money raised through federal taxes to individual states and communities and as a means of decentralizing the responsibility for determining the spending priorities for that money at the local level. Municipal governments have been encouraged to simplify their management procedures and streamline administration accordingly. Additional federal categorical assistance for improving planning, programming and evaluation capabilities have been made available as an inducement.

The San Francisco Annual Development Program Project was designed to formulate an appropriate response to federal initiatives based on an assessment of the City's particular circumstances. Procedures and techniques used elsewhere cannot simply be applied locally. San Francisco operates on the basis of its Charter and other laws. There are also political and administrative procedures, as well as certain traditions, that shape the day-to-day operations of the City. These regulations, forms and traditions are the essential elements of the City's management system.

This report presents a description of San Francisco government and analyzes the City's existing major management mechanisms: The Comprehensive Plan, the Capital Improvement Program, and the City Budget. The report further describes a variety of recent federal management programs, not all of which are currently operational in San Francisco. In the final section the management objectives of the federal government and those of the city are compared and contrasted.

INTRODUCTION

Mayor/CAO/Commission Form of Government

The organization of San Francisco's government is unique. Executive responsibility is diffused among a mayor, a chief administrative officer, and a large number of city commissions. Legislative responsibility lies with a board of supervisors, which in certain limited instances also retains a degree of executive responsibility. The Mayor has primary responsibility for enforcing all laws, review and submission of the annual executive budget, and supervising the administration of all departments under boards and commissions that he appoints. The Mayor appoints the membership of more than 20 commissions. The Charter (Sec. 3.101) stipulates "Except for the purpose of inquiry, the Mayor shall deal with the administrative [function] for which the CAO ...elective officials or boards or commissions are responsible, solely through the elected officials, the board or commission or the chief executive officer of such board or commission concerned." In other words, the Mayor is barred by Charter from interference in the administrative affairs of City departments. At the same time the Charter empowers the Mayor to coordinate and enforce cooperation among all departments.

The Chief Administrative Officer is appointed by the Mayor and confirmed by the Board of Supervisors and may serve until retirement. He is responsible for the supervision and control of seven departments, including Department of Public Health and Department of Public Works. The CAO also appoints the heads of these departments. Within the area of his jurisdiction the CAO has direct administrative control unlike the control exercised by the Mayor through commissions.

San Francisco government includes a large number of commissions and boards (including a City Planning Commission, Fire Commission, Police Commission and Recreation and Parks Commission). Many have actual administrative responsibility for City departments; the degree of control that a board or commission exercises over a department depends upon Charter provisions, tradition, and the individual members. With rare exception boards and commissions are appointed by the Mayor, and serve as the Mayor's main link with the actual administration of these departments.

In addition to regular City boards and commissions there are a Unified School District and Community College District. Each of these special districts has its own elected board, administrative staff, facilities, and taxing power separate from those of the City yet related to the City by certain provisions of the Charter and state law.

Local Budget Practices

A second unique feature of San Francisco local government is the way in which the City budgets its resources. The City's present budget procedures were originally enacted as Charter revisions in the early 1930's in an effort to eliminate the possibility of corruption and misuse of public funds. At that time, the City budget was viewed as an accounting method, not as a management tool. While the Charter budget provisions reflect generally accepted accounting principles of the 1930's, they are not valid management techniques required by complex governmental functions.

As relates to management practices, two critical aspects of the City budget, as defined by Charter, are the initiation of budget requests by departments and a line-item format. These two elements have had a significant effect on budget practices in the past and limit the kinds of changes that can be made to update budget techniques. All budget requests initiate with City departments and agencies. The Mayor does not write the budget, rather he assembles it and pares it down from the original requests. By Charter the Mayor may not add items. The City budget is also required to be submitted in a line-item format. To date this has meant that any budget information in program form has to be done in addition to the regular line-items. These elements have kept the City budget from becoming a programming device, as the Mayor cannot develop a budget based on a program of City priorities and policies if the specific items are not originally requested by departments and because the line-item format make programmatic budget statements an extra burden on departments.

The key agent in the budget process is the Controller who, like the CAO, is appointed by the Mayor with Supervisorial confirmation and serves an indefinite term. The Controller is the chief fiscal officer of the City and has authority over the finances of the City and as county

auditor, over the finances of the Unified School and Community College Districts. He audits all departments' accounts and he makes recommendations on all financial legislation.

The Controller has responsibility for the fiscal affairs of the City; policy responsibilities lie with the Mayor and the Board of Supervisors. The Controller does indirectly affect policy to the extent that he determines the level of anticipated revenues for the coming year which affects the size of the next year's budget. The Controller also has the ability to withhold the commitment of funds if, in his determination, the payment of such obligations would imperil the fiscal integrity of the City. The Assessor, the Tax Collector, and the Treasurer play a role in the on-going collection, distribution, and investment of revenues. These roles have only a limited effect upon the actual fiscal policy of the City.

In addition to these major governmental agencies, there are also outside factors. Four factors affect the City's final budget, and to a lesser degree, the way in which the budget is determined: tax revenues, federal assistance, state and federal regulations, and citizen action. Each in its way affects the total revenues and necessary expenditures of the City. The impact of anticipated tax revenues is obvious, as is the overall amount of assistance received from the federal and state governments. Less obvious are regulations and requirements of state and federal agencies which can require unanticipated expenditures such as upgrading the City's sewage treatment facilities. Citizen groups also make direct and indirect demands upon the City's budget. Organized citizen groups seek attention to their concerns and projects. Testimony at public hearings, personal contact with elected officials, and sometimes court suits are techniques used in this process.

Charter Revision

With the exception of some minor changes over time, no effort to change substantial portions of the local Charter has succeeded since its adoption in the 1930's. In mid-1968 the Mayor and the Board of Supervisors appointed a Citizens Charter Revision Committee to study the Charter and recommend changes necessary for more effective City

government. The first phase of the work covered the structure and organization of the government, including the Office of the Mayor, the Board of Supervisors, the Chief Administrative Officer, the Controller, and many boards and commissions.

The Committee's recommendations dealt with clarifying organization and procedures, the policy role of the Board of Supervisors, the organization of the executive branch, and the City's budget procedures. These recommendations were printed and received a wide circulation.

The recommendations were then translated into a proposed Charter revision which was presented to the voters in November, 1969. The proposal lost by an overwhelming margin. Charter revision is consequently viewed by many as an unpopular political issue.

MAJOR MANAGEMENT MECHANISMS

There are three major management documents of the City: the Comprehensive Plan, the Capital Improvement Program and the City's Budget. The following section details these mechanisms in terms of their management functions.

Comprehensive Plan

The Charter requires that the City Planning Commission adopt and maintain a "comprehensive, long-term, general plan for the improvement and future development" of the City. The Charter further calls for the implementation of that plan through recommendations to public officials, through the publication and circulation of written materials, and through making reports and recommendations to other City agencies. State law requires that the City adopt and maintain a variety of Comprehensive Plan elements, such as those for land use, housing and open space. Since 1970 the number of required elements has increased from three to nine*. The last eight elements also included a time limit for adoption of the plan element by local governments.

The Comprehensive Plan is prepared by the Department of City Planning and is adopted by the City Planning Commission. During the past five years a major effort has been made to revise the document, and to date four major elements have been prepared. In this process a preliminary document of objectives and policies for a given policy area, such as transportation or recreation and open space, is prepared and given substantial public circulation. This report is prepared in conjunction with the relevant City agencies and citizen interest groups. The City Planning Commission then holds hearings, prior to taking action on the document. At these hearings the public can comment on all elements of the proposal. Based on these hearings, the document

*Mandatory Master Plan elements:

Land Use (1965); Circulation (1965); Housing (1967);
Conservation (1970); Open Space (1970); Seismic Safety (1971);
Noise (1971); Scenic Highway (1971); and Safety (1971).

is revised, and the City Planning Commission then adopts the document as its official policy. It has been suggested by some that the Master Plan elements be adopted by the Board of Supervisors. While this is not prohibited, it is not provided for either by Charter or ordinance, and no such action has been taken to date.

The Comprehensive Plan serves two major purposes. Its first purpose is the generation of better standards and controls for the continuing development of the City. In San Francisco the Comprehensive Plan is adopted as the official policy of the City Planning Commission. In certain instances, portions of the Plan have been incorporated into City ordinances. These standards and controls affect almost all physical development within the City. The second purpose of the Comprehensive Plan is to set forth a long-range development policy for the City. The long-range plans for both geographic areas of the City and program areas are continually being developed by the Department of City Planning for submission to the Commission. The Comprehensive Plan serves as a basis for the review of capital improvements, for referrals of various kinds, and for resolution of a variety of land-use issues. In recent years the City Planning Commission has held several public hearings prior to the adoption of each Comprehensive Plan element. These hearings provide a public forum for the discussion of significant issues and have helped to create a continuing dialogue between the City and community groups on the priorities for physical development in San Francisco.

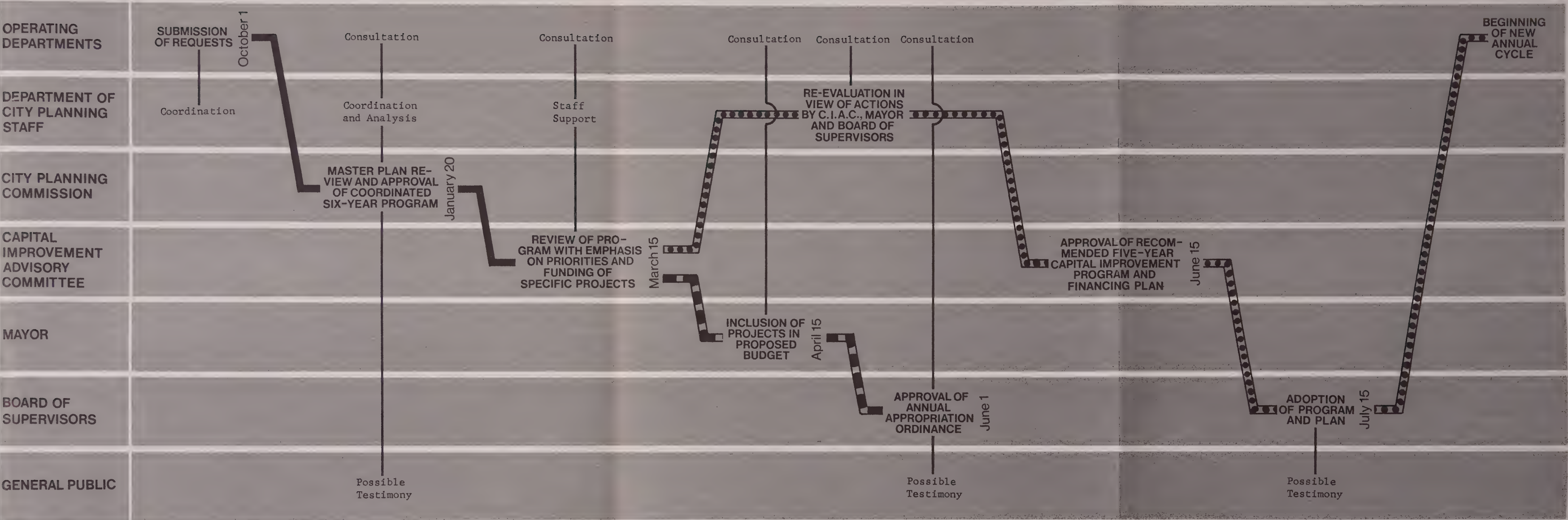
Alone, the Comprehensive Plan cannot serve as a comprehensive management document. In recent years, however, it has become a more useful document for programming physical developments, particularly in the areas of housing, transportation, urban design, and recreation and open space. In addition to the long-range comprehensive plan elements, the Department of City Planning has also prepared shorter-term Improvement Plans along with Plan elements. These improvement plans spell out specific actions recommended to carry out the objectives of Plan elements, taking them a step closer to implementation. At the present time, however, the improvement plans are not tied directly to the process of preparing budget requests by City departments and agencies, except through the capital improvement process, described below. The Comprehensive Plan does not mandate budget priorities based on its policies and objectives, however, it does serve as a means for reviewing certain requests initiated by other departments. While the City Planning Commission can initiate capital improvements, based on the Comprehensive Plan, the process of doing so is complicated enough that it seldom happens. All requests, effectively, must be initiated by a City department in its budget requests for the coming year.

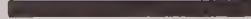


Capital Improvement Program

The Capital Improvement Program is a system for programming all work on capital facilities for the City. It systematically relates public works projects to the City's Comprehensive Plan and attempts to balance the need for facilities and the City's abilities to pay for them over a six-year period. The capital improvement program in San Francisco does not deal with the on-going operating expenses, but it does cover recurring maintenance costs, including a reconstruction and replacement category and a maintenance and repair category. Diagram A illustrates the capital improvement program process.

The Capital Improvement Program is established by the City Charter, which prescribes the actions and deadlines that are to be followed by all City agencies. The capital improvement process has four major steps. The first is the preparation of requests for new capital improvements or reconstruction and replacement items by the operating departments of the City. These requests are forwarded to the City Planning Department where they are compiled in a single document. The requests are then reviewed by the City Planning Commission to see that there are no overlaps, that there is a proper sequence to actions, and that projects conform to the City's Comprehensive Plan. The Commission may make recommendations concerning the coordination of one project with another. In its review, the City Planning Commission may place a "Hold" designation on projects that it considers not to be in conformance with the Comprehensive Plan or ill-conceived. All other projects subject to Comprehensive Plan review are given a general priority rating. The Commission's report is prepared by January 20 of each year and forwarded to the Mayor, the Board of Supervisors, the CAO, the Controller, and relevant City boards and commissions.

The third stage in the capital improvement process is the review of all requests by the Capital Improvements Advisory Committee. This body is established in the Administrative Code of the City and was created to determine priority programs and coordinating financing plans for effectuating the six-year capital improvement programs. The Committee is made up of the Controller, the Director of Public Works, the Director of Planning, the General Manager of Public Utilities, the General Manager of the Recreation and Park Department,



-  CITY PLANNING COMMISSION SIX-YEAR CAPITAL IMPROVEMENT PROGRAM
-  BUDGET YEAR CAPITAL IMPROVEMENT PROGRAM
-  FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND FINANCING PLAN

ANNUAL PROCESS
FOR CAPITAL IMPROVEMENT
PROGRAM

the Mayor's Deputy for Development, and the Chief Administrative Officer, who acts as chairman.

The CIAC reviews all capital improvements and bond propositions and advises the Mayor and the Board on their feasibility, cost and priority in relation to the long-range capital improvement program and its financial base. The CIAC submits a first report to the Mayor and the Board on or before March 15th of each year and a second one on June 15th of each year.

The March report proposes priorities for maintenance and repair, reconstruction and replacement, and capital improvements proposed for inclusion in the budget for the coming fiscal year. This is essentially a second screening based on the City Planning Commission's original assessment of capital improvement requests. The result is a specific priority for each project (first, second, third, etc.). The CIAC report is prepared to permit cumulative costs of the projects which permits the Mayor, if he chooses to do so, to simply go down the list of projects as far as available money permits and draw a line. Everything above the line would get funded, everything below would not.

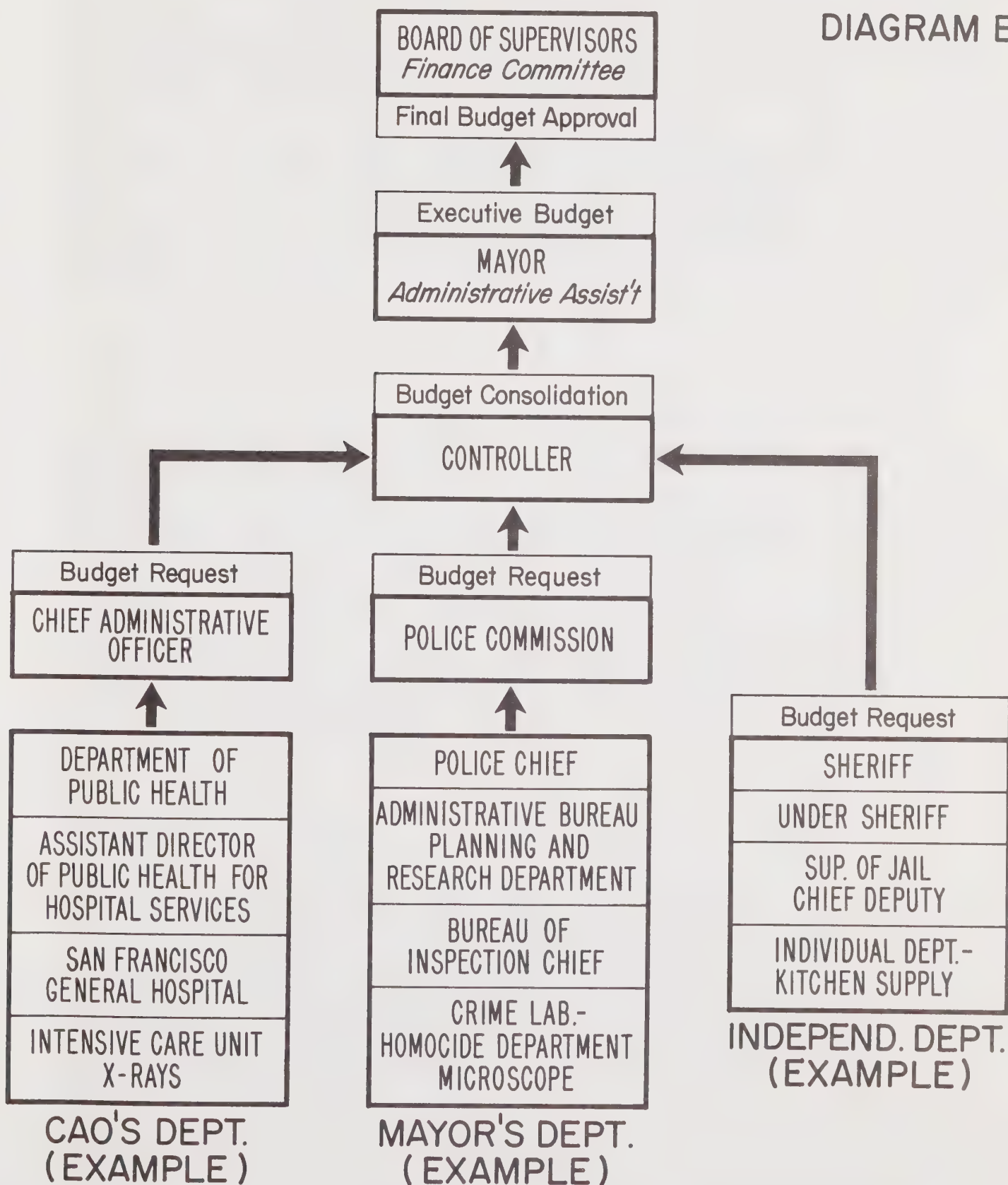
The Mayor's Office makes the final determination on which capital improvements are to be included in the Mayor's budget. Despite the substantial amount of work by the CIAC in developing a program based on anticipated resources, the Mayor's Office has not accepted the entire CIAC program. The highest priorities have generally been included, but among the middle-range projects the Mayor's Office has tended to pick and choose from the entire list of requests.

Once capital improvement items have been chosen, they are placed within the budgets of the appropriate operation departments, and except for reference to the CIAC report, they cease to be considered as a specific program. The capital improvements undergo a final scrutiny by the Board of Supervisors in their review of the Mayor's budget. In recent years both the Mayor and the Board of Supervisors have severely cut back on expenditures for capital improvements.

Both the Mayor and the Board of Supervisors may add capital improvements during the budget process, unlike other budget items. However, in each instance the project must be referred to the Department of City Planning and brought before the City Planning Commission

SAN FRANCISCO BUDGET PROCESS

DIAGRAM B



for a determination as to its conformity with the Comprehensive Plan. This procedure is cumbersome and generally mitigates against such action by the Mayor or Board.

After passage of the appropriation ordinance by the Board, the CIAC begins preparation of the June 15th report which includes the remaining five years of the six-year capital improvement program. This report includes recommended projects that were not funded and new projects proposed over the next five years. A five year bond schedule is also included in the report.

City Budget

The City's annual appropriation ordinance should be the one comprehensive document that spells out the City's priorities and both indicates new directions and confirms the continuation of certain existing programs. The San Francisco budget is one of the most inclusive of all local budgets, with both city and county functions such as the Municipal Railway, Hetch Hetchy, Port, and Airport and the Unified School District. The only major functions not included in the budget are certain federally-funded activities such as the redevelopment and housing authorities. Few other metropolitan cities include so many diverse activities in their budgets; San Francisco budgets more money per capita than almost any other local jurisdiction. Because the San Francisco budget is so inclusive, it could become a most effective management mechanism through the use of a program budget, i.e., budgeting by objective.

The one major deterrent to exploiting the management potential of the San Francisco budget is the Charter requirements governing the form of the budget and the procedures for preparing it. As discussed above, the Charter defines a line item budget and requires that the Controller assure the fiscal integrity of the City in certain ways that make line item budgeting essential. Procedures for preparing the budget differ somewhat among City departments, depending upon whether they are responsible to elected officials, the CAO, or a commission. Diagram B illustrates the basic steps, and they are detailed below. Diagram C provides a calendar of deadlines for the budget process.

Diagram C

BUDGET DEADLINES

JULY

AUGUST

CITY BUDGET

Start of Fiscal Year.

Estimates of City revenues are made by the Controller and balanced against anticipated expenditures to determine the tax rate for the coming year.

CAPITAL PROGRAM

The Board of Supervisors adopts a six-year Capital Improvement Program and financing plan for its effectuation by July 15. Program includes projects for current fiscal year.

SEPTEMBER

OCTOBER

CITY BUDGET

The tax rate is set on or before September 15.

Annual Appropriation Ordinance Report is issued.

CAPITAL PROGRAM

All proposed capital improvement projects for the next six years are to be received by the Department of City Planning by October 1.

| NOVEMBER | | DECEMBER | |
|--------------------|-------------|--|--|
| CAPITAL PROGRAM | CITY BUDGET | CAO completes review of those budgets submitted to him and prepares a comprehensive budget. Commissions and boards review departmental budgets and officially approve them. | |
| | CITY BUDGET | Other departments and agencies prepare budgets for submission to their commissions or boards. | |
| CAPITAL PROGRAM | CITY BUDGET | Department of City Planning staff reviews capital projects and prepares recommendations to the City Planning Commission regarding conformity of projects to Master Plan. | |
| | CITY BUDGET | Department of Public Works prepares cost estimates, as required, for capital improvement projects. | |
| JANUARY | | FEBRUARY | |
| CAPITAL PROGRAM | CITY BUDGET | All City departments and agencies submit budgets to the Controller on or before January 21. | |
| | CITY BUDGET | The Controller consolidates, checks, and reviews proposed budgets. | |
| CAPITAL PROGRAM | CITY BUDGET | The City Planning Commission adopts the Capital Improvement Program and submits it to the Board of Supervisors, Mayor, Controller, various Commissions and Boards, and the CIAC. The Program notes the conformity of individual projects to the Master Plan. | |
| | CITY BUDGET | The CIAC meets on a weekly basis to establish program priorities for maintenance and repair, reconstruction, and replacement, and new capital improvements. | |

| MARCH | | APRIL | |
|-----------------|---|---|--|
| CITY BUDGET | Mayor receives budgets from the Controller on March 1. | The Mayor's Budget is submitted to the Board of Supervisors Finance Committee by April 15. | |
| | Administrative Assistant begins review of budgets for the Mayor. Work begins on preparation of Mayor's budget. | | |
| | Mayor holds a public hearing on the budget. | | |
| CAPITAL PROGRAM | The CIAC submits its budget year Capital Improvement Program to the Mayor and the Board of Supervisors on March 15. | All capital improvements for the coming year are reviewed as a part of departmental budget requests. | |
| | | After Mayor's Budget is presented, the CIAC meets to consider a 5-year plan for capital improvements and financing to include those projects not included in current budget requests. | |
| MAY | | JUNE | |
| CITY BUDGET | The Finance Committee completes its review and proposes its revised budget to full Board. | If the Mayor has vetoed the Appropriations Ordinance in whole or in part, the Board may act no later than June 20 to adopt another ordinance or to override the veto. | |
| | The Board of Supervisors adopts the Appropriations Ordinance. | | |
| CAPITAL PROGRAM | | The CIAC adopts a 5-year plan for capital improvements and financing by June 15 and submits it to the Board of Supervisors. | |
| | | The Board holds public hearings on the 5-year plan between June 15 and July 15. | |

The City's budget has three major components: the Annual Appropriation Ordinance, the Annual Salary Ordinance, and the budget of the Unified School District. The latter two are less important to this report, and emphasis is therefore concentrated upon the first component.

The annual budget process begins almost as soon as the previous budget is adopted by the Board of Supervisors. By mid-November individual commissions and the CAO review preliminary budget requests made by City departments under their respective jurisdictions. Commissions vary in the attention paid to budgets, some primarily concerned that the overall request is not greatly in excess of the previous year's requests, others more concerned with a department's work program and the objectives to be achieved in the coming year. The staff of the CAO goes through the budget requests of its seven departments to determine effectiveness and appropriateness. The CAO is also in the unique position of being able to balance requests among the seven departments in preparing a final budget request. He can add, delete, or otherwise modify the budget requests of the seven departments reporting to him.

As mentioned in the previous section, one of the key elements to the San Francisco budget is its reliance upon requests being initiated at the department level. This means that the CAO has complete discretion over the budget submissions of the seven departments reporting to him, while the Mayor has very little discretion over the budgets of those departments under commissions appointed by the Mayor. Since the Mayor and the Board may not add budget items, except capital improvements, once budget requests are received from City departments, the essential content of the budget is fixed. It is at the departmental level that actual priorities for the budget are set. If the Mayor is to have a significant effect on the content of the budget, his priorities must be made known in advance of the departments' budget submissions. The same is true for input from civic groups and community organizations. They must make their interests known before budget estimates are prepared. This kind of involvement is often difficult, for while the Mayor and Board hold public hearings on the budget, not all City departments hold hearings on their budget requests.

The budget estimates from departments are forwarded to the Controller by January 20. The Controller is not empowered to add or delete items in the requests; rather, he consolidates departmental requests in a unified format for consideration by the Mayor and the Board of Supervisors.

The Controller's staff check submissions for uniformity, completeness, and possible errors. The Controller also prepares an estimate of the anticipated revenues for the coming fiscal year. He meets with the Mayor to discuss the size of the budget and the effect of various increases on the tax rate. Recent California law limits the rate of taxation that can be placed upon local property which makes these estimates even more important in assessing the projected size of the budget.

The Controller forwards the Consolidated Budget to the Mayor by March 15. The budget at this time includes requested capital improvements of priority recommended by CIAC. The Administrative Assistant to the Mayor and his staff review the Consolidated Budget and begin the process of shaping the budget to meet the budget limits established by the Mayor in consultation with the Controller. The Mayor is empowered to add only capital items; he may delete any item from the budget but cannot increase any amount for personal services, materials, supplies or contractual services. Because of these limitations, and because requested appropriations exceed the established limits for the budget, the Mayor's staff performs essentially a negative operation by cutting requests; it does not actually create the budget. New programs and capital improvements seem to be the most frequent victims of the red pencil. The budget is reviewed and the cuts made on a line-by-line basis. The Mayor is empowered to hold whatever public hearings on his budget as he deems necessary. Generally there has been one such hearing a year.

By April 15 the Mayor presents his budget to the Board of Supervisors for their consideration. Review for the Board is conducted by the Finance Committee with the assistance of the Board's Budget Analyst. The Committee holds departmental hearings and budget sessions to consider the Mayor's recommended budget, and their review, like the Mayor's, is essentially a negative function, as the Board is empowered to add appropriations only for public improvement or capital expenditures. Historically, cuts made by the Board have been smaller than those made by the Mayor's staff, although the Board's deletions have increased somewhat in recent years. Once the Committee has prepared a recommended budget, it is forwarded to the full Board. The Committee reports its recommendations around mid-May. The Board is required by Charter to hold a public hearing on the budget. In recent years one evening hearing before the full Board has been held to hear citizen comments. The tradition has been that the Committee's recommendation is accepted by the full Board and that the budget is passed

unanimously, although neither is required by either the Charter or the Administrative Regulations of the Board. The City Attorney has ruled that each member of the Board must vote on the appropriation ordinance. The full Board must adopt a budget by June 1 for the ensuing fiscal years.

Once the budget is adopted by the Board of Supervisors and signed by the Mayor, the budget process for the next year begins as does a second process: the process of supplemental appropriations. The City's budget is based on estimated revenues, and during the course of the year, as revenues come in, the Controller revises his estimates of total revenues and projects any surpluses or deficits. As the City is prohibited from incurring deficits, the Controller is empowered to limit expenditures if he anticipates a deficit. This is usually done after conferring with the Mayor and the Board. If surpluses are available, however, supplemental appropriations may be accepted. These appropriations are supposed to cover immediate costs that were unanticipated at the time the budget was prepared. Supplementals have also been used to obtain funds later in the year that were deleted during the budget process. The number and total value of the supplemental appropriations vary from year to year, but the practice remains a significant part of the budget process. Because of its nature, supplemental appropriations are less likely to be reviewed in terms of overall City expenditures or balanced against the City's priorities. They more frequently represent an immediate response to a need that appears to be of highest priority at the moment or a diversionary tactic for "hiding" anticipated expenses from the annual appropriations ordinance.

In general the budget process in San Francisco is one of accumulating individual departmental requests, organizing them, and finally paring them down to a size commensurate with anticipated revenues. Present procedures are not a useful program management tool, being neither organized around citywide program activities nor directed at addressing well-understood City goals and objectives. They do assure that City funds will be expended for the line-item requests authorized by the Board of Supervisors.

Problems with City Management Programs

The City management programs described above are long-standing practices of the City, having evolved slowly through time. The Comprehensive Plan, Capital Improvement Program and City Budget are the City's major management mechanisms, and as such, represent the City's only process of coordinated planning and programming. At the present time they represent more of a potential than a reality for they are not currently parts of a coordinated activity, and they are not in all instances compatible with generally accepted modern management practices.

independent operations

The City's existing management functions operate relatively independently of one another. Capital improvement programming utilizes programming techniques distinct from those used for the preparation of the rest of the Budget. The Comprehensive Plan is the basis for reviewing requested capital facilities, but the document is not used as the basis for shaping or directing annual budget requests from City departments. The final budget document becomes essentially a compilation of requests that is not a unified programming document, as it is based on no programmatic directives from the Mayor, it has no performance criteria, and it has no comprehensive evaluation component. Program and budget responsibility therefore fall almost wholly upon individual department administrators and the Chief Administrative Officer.

lack of management information

A major problem in preparing an effective City-wide program is the lack of management information. The budget requests developed by the individual departments do not follow a set pattern and differ for each City agency. Most agencies prepare annual reports which spell out general areas of emphasis in the coming year. A few agencies prepare more detailed work programs that anticipate specific projects and programs and the manpower required to do the work. Even fewer agencies maintain continuous work progress documents that are updated monthly to indicate progress of all departmental projects, including time and money spent on each to date. Budgets are therefore prepared on differing qualities and quantities of management information.

Excepting the budget estimate forms themselves, there is no requirement that similar documents be prepared and updated on a regular basis by all City agencies. In many instances it is not possible to assess accurately the deployment of personnel or identify high priority items from present available information. Lacking clearly stated objectives it is also difficult to measure the effectiveness of a department's work. If the Chief Executive and departmental administrators are to provide effective leadership in programming, they must have more and better management information available to them.

diffusion of responsibility

The broad diffusion of governmental responsibility affects the degree to which the Mayor can provide effective leadership in programming. The Mayor must have the cooperation of City agencies; he cannot enforce leadership by simple fiat. Unlike cities with a strong-Mayor form of government, the Mayor of San Francisco must rely upon his persuasive power and the technical competence of his staff in setting forth his goals for the City and the programs he recommends be undertaken. The present incumbent has enforced this through his Charter mandate to effect cooperation and coordination among all City agencies.

lack of evaluation procedures

The lack of comprehensive evaluation procedures is a deterrent to the effective use of the budget as a management tool. Until recently, the Grand Jury has been the only agent attempting to assess the effectiveness of the work of City agencies. The Grand Jury is composed of 19 citizens appointed by the judges of the Superior Court. Each jury is convened for only one year, and in addition to other functions, it prepares an evaluation of the work of each City department. These evaluations normally receive circulation through press coverage. They, however, are not integrated into the regular budget process, and City officials do not tend to regard the recommendations of the Grand Jury as a mandate for action. The Grand Jury and whatever staff is available to it do not report to the Mayor, the Controller or the Board of Supervisors. The Jury is appointed for only one year. It is not staffed by trained budget analysts and program evaluators. It lacks sufficient professional expertise in assessing the work of City agencies. The Grand Jury provides no real substitute for an on-going evaluation procedure tied to the annual budget cycle.

The most effective evaluation work done in the City is done by the Budget Analyst of the Board of Supervisors through management audits. These reports are more effective than those of the Grand Jury because they are done by trained personnel and relate to the budget procedures of the Board of Supervisors. The audits are in-depth analyses of the organization and programs of selected City agencies. The audits include recommendations for changes in the staffing, organization, and programming of the agency under study. The recommendations are not binding, but they do provide the Finance Committee of the Board a basis for reviewing the budget requests of the agencies involved. The Budget Analyst is limited in the number of audits he can conduct in any year. The audits are done on behalf of the legislature and provide information to the Board and the agencies affected. However, as the Mayor has responsibility to prepare the City's budget, an evaluation capability within the Mayor's Office would have a significant effect upon the actual operations of City departments.

REPRESENTATIVE FEDERAL PLANNING AND MANAGEMENT MECHANISMS

Over the past eight years the federal government has taken an increased interest in the management and delivery capabilities of local general purpose government. The original interest, generated by an increasing awareness of large-scale poverty in America and spurred by the ghetto riots and turmoil of the mid-sixties, centered around increasing local sensitivity to minority group concerns. It produced extensive citizen participation, combined with massive aid programs, such as the Office of Economic Opportunity (OEO) and Model Cities. These programs emphasized decision-making by community agents and the coordination of planning, programming and evaluation.

The first phase emphasized experimentation and introduced management techniques designed to complement "war on poverty" programs. The second phase emphasizes efficiency with administrative programs aimed at increasing local responsibility for the expenditure of federal money and promoting sound administrative practices.

One of the first of the new programs was the Planned Variations options of the Model Cities Program. In selected cities the Model Cities agency took on new management responsibilities for the city as a whole. They began to monitor all federal programs for which the city was prime sponsor. Some also began programming and evaluating certain federally-assisted activities.

The federal government's second major effort was a variety of proposals for revenue sharing designed to consolidate existing programs into bloc grants. These have come to be called Special Revenue Sharing, and if enacted would provide the local chief executive with responsibility for dividing up a block of money among local projects within the same policy area such as education or community development. It is likely that this money would be allocated on the basis of a formula and have fewer restrictions than do present categorical grants.

A key element in the revenue sharing approach is placing responsibility for the expenditure of federal funds with the local chief executive, i.e. in San Francisco with the Mayor. Current special revenue

sharing legislation will not substantially increase the amount of money available to cities or begin to return substantial portions of tax revenues as some originally predicted. It will, however, give cities greater flexibility in deciding how money is to be allocated and how programs are to be designed.

There has been a recent decrease in funding for the older poverty-oriented programs, and it now seems clear that the federal government intends to press for continued decentralization and to place emphasis on the new management programs. It would be difficult and repetitive to enumerate the whole range of these new federal programs; rather, it makes more sense to analyze a representative sample of them and attempt to understand their key elements, for these elements tend to recur.

Recent federal planning/management programs can be broken into two basic groups: review and comment mechanisms and planning mechanisms. To illustrate these differences and to point up certain other elements, four federal programs are briefly described below.

Review and Comment Mechanisms

The basic purpose of Review and Comment mechanisms is to inform local government of the requests being made for federal assistance from all sources in the City and to permit them to comment on the applications. The federal agency involved requires that the agency making the request inform the local government of its intent and then requests some form of "sign off" from the local government. This review does not provide local government with an automatic veto over the expenditures, but it does provide an opportunity for comment and for negotiations among the federal agency, the local requesting agency, and the local executive, concerning issues raised in the review process.

oeo checkpoint procedure

The OEO checkpoint procedure calls for a sign-off on all applications from Community Action Agencies to the Office of Economic Opportunity. The program was designed to promote greater coordination between the local OEO agency and the various agencies of the local government. This can be of particular importance as most community action agencies

were organized outside the regular city bureaucracy. Generally this has meant that the only regular coordination that takes place is in those areas where community action agencies have developed joint programs with regular city agencies.

In San Francisco no serious effort has been made to utilize the OEO Checkpoint Procedure, and there are few that know it exists. In general the Mayor has maintained contact with the OEO program locally through his Deputy for Social Programs.

a-95, a-98 notification and review systems

The A-95 and A-98 systems deal with local applications for federal assistance. The mechanisms were established by the Office of Management and Budget to provide local, regional, and state governments with more information about applications being made for federal assistance and an opportunity to review and comment on them.

The A-95 systems cover one hundred and one federal programs, including all HUD housing programs. It requires applicants to submit brief statements of intent to file applications at the earliest possible stage. These statements are forwarded to regional and state clearinghouses.* The regional clearinghouse then circulates the statements of intent to local agencies for their review in terms of local plans and objectives. The clearinghouses forward their comments and any received from local governments to the federal funding agency to which the request is being made.

*For San Francisco the regional clearinghouse is the Association of Bay Area Governments (ABAG); the state clearinghouse is the Office of the Lieutenant Governor.

The A-98 system covers the next step in the grant process by providing information on applications that have been funded by federal agencies. At the present time A-98 covers 219 programs. The object of this system is to provide local, regional and state governments with information on those grant applications that "made it." As it is broader in scope than A-95, the A-98 system also provides local government with some estimate of the scale of federal funds it is receiving on a regular basis.

There are some marked inconsistencies between the A-95 and A-98 systems. There are 155 programs covered by A-98 that are not covered by A-95. In this instance a local government is informed that a grant was made but received no prior information that an application had been made. There are 37 programs that are covered by A-95 but not included under A-98. In this instance a local government is requested to review and comment on an application but is not notified of its outcome.

There have been several problems with A-95 and A-98. Most local agencies comply with the A-95 regulations and submit the notices of intent to file applications. However, in some instances they are submitted late in the process; some at the same time as the application is forwarded. Some federal agencies respond to applications without checking to see if clearance has been granted by the clearinghouse. In this case the review and comment function is rendered pointless, as it has no bearing on the action of the funding agency.

The major problem with A-98 has been the failure of certain federal agencies to provide information on the grants they have awarded. Data is compiled by the regional offices of federal agencies, and in some cases they do not receive complete information on grants made by the central office in Washington. In other cases, federal agencies have been simply slow in forwarding information. The A-98 system requires that the state clearinghouse be notified, and it has been the responsibility of state clearinghouses to forward the information to regional and local agencies. At times this information has been forwarded slowly.

It is clear that if these two systems are to provide a comprehensive review and comment procedure for local units of government, the federal government must take more adequate measures to assure that all agencies await local clearance before funding projects. The federal government

must also work to make the two systems more compatible in terms of the programs covered by each.

chief executive review and comment (cerc)

The Chief Executive Review and Comment procedure is a comprehensive review and comment mechanism designed to increase the chief executive's authority in the review of federal programs operating within his jurisdiction. The program has been established in a number of cities through the Model Cities Planned Variations. It does not exist in San Francisco at this time. In theory the CERC procedure extends to all federal programs and permits the development of a staff capability to perform effective policy-oriented reviews of all applications. In practice the scope of CERC is limited to a somewhat broader range of programs than A-95 and A-98, and applications for these programs are forwarded directly to local chief executives for their review without first passing through a regional clearinghouse. This review includes applications from private organizations as well as public agencies. In theory, local chief executives have a stronger hand in making comments through CERC than they would through regular A-95 comments.

Experience indicates that to undertake this kind of review requires extensive staff. Technical personnel are required not only to review the individual applications as they come in but to accumulate and analyze relevant local policies so that they have a basis for review. In some instances it has meant attempting to create a reasonably consistent policy from a variety of disparate sources. In almost all cases the review and comment functions have been closely tied to policy formulation and implementation functions within the office of the chief executive.

Planning Mechanisms

While review and comment procedures deal with plans and programs once they have been formulated, the basic purpose of the planning mechanisms is to involve local government directly in the preparation of plans and programs and the allocation of federal dollars. These programs provide a local government with funds to establish a planning

staff. The staff is then responsible to the local chief executive for preparing a plan to expend federal funds in one program area, such as community development. The staff is to work with public officials and a representative citizen group or community organizations. The plan thus developed either is adopted as guidelines for reviewing applications from local agencies or becomes essentially the federal agency's expenditure program for that jurisdiction.

mayor's criminal justice council

The Department of Justice provides planning and program money for law enforcement assistance to states and to cities of at least 250,000 persons. Larger cities have received planning funds to establish local criminal justice councils and hire planning staffs. San Francisco created the Mayor's Criminal Justice Council in early 1971; it is composed of representatives of all criminal justice agencies, local governmental officials, and community representatives. The Council is chaired by the Mayor who also appoints the staff.

The purposes of the Council are:

- 1) to act as a catalyst to criminal justice agencies to bring about cooperation;
- 2) to do comprehensive planning for the whole local criminal justice system;
- 3) to recommend priorities on the allocation of resources within the criminal justice system;
- 4) to seek federal, state, and private funds;
- 5) to conduct research, monitor, and evaluate programs funded by the Council, and to recommend innovations within the criminal justice system.

The Council prepares an annual comprehensive plan which is forwarded to the Mayor and Board of Supervisors for their approval. This plan anticipates funds available from the Law Enforcement Assistance Administration and sets out in priority order local programs eligible for those funds. The plan is then taken to the California Council on Criminal

Justice for their approval and the actual funding of the projects. Most criminal justice programs receive funding in this manner, rather than through a separate application which would be sent directly to the Department of Justice. Such applications would likely be turned over to the CJC for their consideration. Some monies are available through the national office of the Department of Justice for specific activities. There are also action funds held back by the State for discretionary use by the State. These funds are handled independently of the CJC, although in San Francisco the CJC generally has been informed of these applications, and in some instances has provided assistance in preparing the application.

manpower planning council

In San Francisco the Manpower Planning Council (MPC) was established in April, 1972. Staff for the local office is funded by the Department of Labor as a part of an Area Manpower Planning System (CAMPS). This system is designed to develop more local coordination among the various federal agencies providing planning and program money for manpower training, and to prepare the City to assume responsibility for management of all manpower training programs in the City.

The local MPC is composed of representatives of labor, industry, appointed and elected officials, target populations for manpower programs, and community groups. The Mayor serves as chairman, and in this role appoints a staff consisting of a Director of Manpower Planning, four Manpower planners, and two clerical staff.

The purposes of the Council are:

- 1) identify manpower needs of the community (employment, job training, preparation for employment, upgrading underemployed workers, and related needs such as child care) and determine where job potentials lie;
- 2) set priorities for use of manpower funds, both as to populations to serve and types of programs;
- 3) recommend approval of manpower programs in relation to priorities;

- 4) evaluate the effectiveness of manpower programs;
- 5) prepare and recommend an annual comprehensive manpower plan for the City to the Mayor and to the Department of Labor.

The current status of the MPC is somewhat unclear due to changes at the federal level. Until the spring of 1973 the Council adopted an annual comprehensive manpower plan which described funding levels for manpower programs administered by the regional office of the various federal agencies. The funding levels were generally dependent upon the previous year's funding, with a possible 10 percent variation.

Under the CAMPS program the Manpower Planning Council differed from the Criminal Justice Council in one key respect; the CJC plans for the expenditure of an anticipated amount of LEA money, the MPC, until 1973, has had no specific funds that it could count on, rather it has reviewed existing programs. While in theory the MPC was to develop plans for manpower activities within the City and review manpower proposals to all federal agencies for their conformance to those plans, in fact, the MPC has directed its attention substantially to Department of Labor (DOL) applications. But even here until the summer of 1973 the MPC has not controlled the allocation of funds among categorical programs. This problem has been further complicated by the large number of grants awarded by the Washington office of DOL and by the relative inflexibility of DOL funds.

The picture changed in the spring of 1973, and the MPC planned the actual use of Department of Labor money for Fiscal Year '74. Other federal agencies have not taken the same step, but Labor has committed itself to fund contractors in line with the recommendations of the MPC. A fixed allocation of manpower money was made, for the first time, and the Council completed and submitted its Comprehensive Manpower Plan in May of 1973 for the following fiscal year.

At the present time there is some uncertainty about the role that the MPC will play in the coming year. The Regional office of DOL plans to make the City the prime contractor for the entire amount of money normally allocated for manpower programs within the City. With this money, the City would sub-contract with various job-training manpower development operations to perform the actual services. This kind of arrangement would give the City much more authority over the allocation of funds and more control of quality of performance and coordination.

At the national level, Governors and state-oriented groups are lobbying for an arrangement that would give the state prime responsibility for manpower programs, and cities would either apply to the state for funds or would develop local programs consistent with a state plan. This latter proposal is not popular with most local governmental units. Resolution of the differing attitudes may depend on federal legislation expected in the fall of 1973.

As of August 1, 1973, it is anticipated that the City will be prime contractor for all DOL-funded manpower programs, if approved by the Board of Supervisors, by September of this year. This step will not need to await additional legislative action.

bloc grants

There has been a great deal of recent interest in bloc grants as a way of consolidating programs at the federal end and providing localities with a lump sum of money with local discretion for spending it within certain broad limits. Some efforts, such as HUD's Annual Arrangement, have attempted to provide a kind of bloc grant administratively by negotiating a number of individual programs at one time. This is seen as a forerunner to bloc grants or Special Revenue Sharing which, if enacted, would legislatively combine certain categorical programs and likely provide localities with a sum of money determined by formula on a continuing basis. These funds could be used for a wider range of activities than it is now possible through categorical grants. It is anticipated that if Special Revenue Sharing is authorized there will be certain minimum requirements. One of these is expected to be the preparation of a program for the expenditure of the bloc grant monies. Localities would be required to spend money for certain kinds of eligible activities within broad categories, such as community development, but they would have discretion over which activities would be undertaken and what priorities would be established among those activities.

To date no bloc grant legislation has been passed by Congress, although a variety of bills have been introduced. Similarly, no action has been taken on creating a bloc grant program for manpower programs through administrative arrangements, although the President committed himself to that concept, in his latest budget message.

Problems with Federal Management Programs

The federal programs described above are relatively new to San Francisco, and therefore it is difficult to determine their long range impact on San Francisco. The programs do indicate the general direction of the federal government. There appear to be three major objectives of this recent federal programming:

- Encourage local governments to coordinate existing federal categorical grants-in-aid.
- Strengthen local governments' planning, resources allocation, and management systems.
- Improve citizen understanding of priorities and resource allocations.

The programs recently authored by the federal government take a variety of different forms. There is not a great deal of uniformity among the programs, as each federal agency has tended to promote programs consistent not only with their programs but also their administrative procedures. In certain instances the programs fall short of either federal objectives or local needs.

single agency emphasis

Like categorical programs, new management programs have tended to be limited to certain groupings of federal programs, usually those of a single federal department or agency. Application forms are unique to a single agency and procedures are designed to fit the particular needs of that agency. Seldom are they designed to fit a particular local agency. This approach has created several problems locally.

In some cases less paperwork has resulted with new federal programs. But often, as with Manpower programs, a new level of review has been added, and applications continue as before with no real effort by the funding agency to reduce the paperwork required. City staff is required to walk through each application, including individual negotiations and reviews. Each federal agency has continued to require extensive work. As new program staffs have been created within the Mayor's Office, each federal agency has attempted to place that staff

in the pre-eminent position. There has been a growth of new program offices, but there has been little coordination among them, as each has charge of one narrow program area. The only effort to improve this situation has been through the cooperation of the Federal Regional Council. Individual federal agencies have not sought cooperative working arrangements at the local level.

lack of uniformity

There continues to be a lack of uniformity in federal guidelines and procedures. There are differences in the guidelines, timetables, and evaluation procedures among the various federal agencies. To prepare a grant application to one agency is wholly different from preparing one to another. Some management programs call for active local programming while others are limited to a form of review or comment without real local control over the allocation of federal money.

The new management efforts have not effected a real trade-off in terms of reducing the involvement of federal agencies with a corresponding increase in local program responsibilities. Greater effort needs to be placed on making more uniform both the procedures and general purposes of the new management programs.

limited financial support

The experience with Chief Executive Review and Comment, thus far, indicates that substantial staff increases are required in the monitoring of federal applications. If cities are to improve their capacity in areas such as budget analysis, programming, and monitoring, additional resources are required to hire new staff and train existing staff.

To date HUD is the one federal agency that has made a significant effort to fund local management programs. In other instances programs have received minimal funding. Without federal assistance, local governments should not be expected to match the efforts of programs, like that in Indianapolis, which have received national acclaim. These successful programs have been generously funded. If federal agencies expect to improve local management capabilities they should be prepared to fund these activities adequately.

limited technical support

Federal technical support for local efforts in management have been deficient. Due to the newness of the programs, many federal officials are unfamiliar with them. In some instances the federal machinery itself is not organized in such a way as to facilitate local decision-making on federal programs. Local administrators have not participated in the formulation of the programs nor were they consulted on the development of guidelines.

There is a demand both for more information about individual federal management programs and for information on the coordination of several programs to develop some form of annual development programming. Federal officials too often have information on only one narrow area of programs and are unable to explain existing or potential relationships among several different agencies' programs.

To provide cities with technical support, federal agencies must make a more concerted effort to provide as comprehensive as possible a picture of management programs. An effort should be made to provide general information on program budgeting, management information systems, and administration as well. This can be done through seminars, workshops and consultant assistance. Meetings between federal program staffs of several agencies and their local counterparts can also be helpful.

A N A L Y S I S

The federal government is the key element in making federally assisted management programs successful at the local level. Because local needs are so great, new federal programs will have to demonstrate their benefits and will have to be in a city's economic best interest before they are taken seriously. At the same time local governments have to take a hard look at present decision-making processes and begin to exploit local management capabilities so as to make more people aware of improved management without it appearing threatening.

San Francisco now has taken the opportunity to assess the actions that can be taken locally to maximize federal benefits, and of making recommendations to effect changes in federal programs and procedures. It is important that the City indicate the kinds of services and assistance it desires from the federal government and that it make clear the constraints within which the City must work. The following is a review of federal management objectives in terms of local management objectives and a discussion of where federal objectives most closely match local ones and where there is potential conflict.

The Federal Objectives

objective: strengthen local governments' planning, resources allocations, and management systems.

Several federal programs make money available to municipalities for the purpose of establishing technical staff operations for both review and comment and planning activities. The HUD 701 Planning Assistance program is perhaps the largest assistance program and over the past few years has shifted its support to policy and program planning and away from comprehensive and land-use planning. In

1972 San Francisco received \$265,000 in assistance from HUD to establish an Office of Community Development and to undertake a housing inventory and an economic development study. The Law Enforcement Administration of the Department of Justice is providing assistance (\$150,000 in 1972) to fund the staff of the Criminal Justice Council which sets forth the City's objectives and goals for criminal justice and allocates anticipated federal assistance to those programs that will best achieve them. The Federal Regional Council, through this study, has provided the City with \$50,000 for one year to explore comprehensive management concerns. The Department of Labor has provided assistance to the City (approximately \$80,000 in 1972) to establish a technical staff to assist the Mayor and the Manpower Planning Council. Recently the Department of Commerce allocated \$120,000 to the City to assist in the establishment of an Office of Economic Development in the Mayor's Office.

In addition to these programs General Revenue Sharing permits the expenditure of funds for financial administration. The Special Revenue Sharing Bill for Community Development is expected also to authorize the use of those funds for local management activities.

Many local government officials are anxious to strengthen the planning, resources, and management systems of the City. In this they agree with the overall federal objective. The question now before the City is how it will proceed to undertake the changes thought to be desirable. The first obvious route is to take advantage of those federal programs that will fund technical programming staffs. There seem to be several problems with this route, as it now exists. Programming staffs will be dealing in City policy, and some feel that reliance on federal assistance to do this work will mean that there will be undue pressure upon City officials. In addition, federal support for these efforts should not be expected to last forever. With or without the advent of revenue sharing, the City should begin considering new ways of taking over these programming efforts during the course of several years.

A second alternative is to work with a federal agency such as the Federal Regional Council to get non-categorical assistance for a comprehensive programming effort that will be phased into regular City

activities and funded over a specific period of time. The advantage of this approach is the comprehensive nature of the assignment and the funding. In developing this kind of agreement with the Federal Regional Council a single set of requirements can be established outside the usually rigid guidelines of categorical programs.

A final alternative would be not to pursue outside assistance and undertake management improvements supported wholly with local funds.

If the City chooses to pursue federal assistance, some decision should be made early in that process to determine how and when the programs will be phased into regular City operations. In addition the City should attempt to assess existing local management capabilities in planning, resource allocation and management. The Chief Administrative Officer's office has already begun a management training program for personnel of the departments responsible to the CAO. Further efforts should be made to identify personnel who could do this kind of work and to provide special programs to develop those skills. Each department needs at least one person with special training in management procedures.

objective: encourage local governments to coordinate existing federal categorical grants-in-aid.

Several efforts are being made to encourage coordination of federal categorical grants-in-aid coming to San Francisco. The Criminal Justice planning staff and the Office of Community Development are now established to do programming, and it is expected that they will have some degree of latitude in coordinating existing federal categorical grants-in-aid. As the LEA programs are newer, it will be easier for this to be done by the Criminal Justice staff. HUD programs have been around longer and have established constituents. Both of these factors make HUD program coordination difficult without either a legislative mandate or an administrative directive at the federal level. Annual Arrangements used in some cities failed to materialize in San Francisco. There was no clear benefit to the City because HUD continued to deal with the City on a program-by-program basis.

The Manpower Planning Council has not been given true programming responsibilities. Its official role has been more one of monitoring on-going programs and the review and approval of new programs. The

Council staff has devoted much time attempting to give more direction to manpower programming in the City, but it has done so in addition to the requirements established by the Department of Labor. The local manpower unit has no set allocation of money for which it is to establish priorities. The Department of Labor authorizes it to project existing programs into each coming year with only 10 percent revisions. Coordination is minimal under these conditions. The Department of Labor is not adequately prepared to encourage local program management, and it has not turned over any substantial program responsibility to the City. A significant proportion of its grant awards are made in Washington, and the San Francisco regional office is not informed of them. Obviously the City must have complete information and real responsibility if it is to coordinate categorical programs.

The lack of enabling legislation is another problem. Special revenue sharing bills have not passed Congress. The Manpower Bill of 1970 which essentially would have created a bloc grant for manpower programs was vetoed by the President. The Allied Services bill which is designed to give local governments more flexibility in dealing with HEW programs has not yet passed Congress. Without legislation that either abolishes categorical programs through bloc grants or permits greater flexibility in the use of categorical funds, federal agencies have been reluctant to turn over any substantial responsibility to localities. Consequently local coordination mechanisms remain essentially another level of review and provide a program staff to the Mayor. The degree to which the federal agencies can actually effect the local coordination of categorical programs is dependent upon their ability to convince local agencies of the value of such coordination, and the extent to which federal agencies are able or willing to go in delegating responsibility. No local agency is yet in a position to dictate to a federal agency or set of federal agencies a coordinated program based on prearranged fiscal limits.

The existing variety of federal regulations, timetables, and procedures has made the local coordination of categorical programs from more than one department close to impossible. This has always been true, with the exception of certain unusual programs designed specifically as joint activities as with some HEW-HUD and HEW-DOL programs. The Federal Regional Council (FRC) has attempted to provide coordination of federal programs by pulling together a variety of funds from several agencies and acting as a single negotiator with

selected cities. To date the FRC's experience indicates that a great deal of work is required to put together a package of funds from several agencies. The obvious disadvantage of this procedure for cities is that the Federal Regional Council has only limited resources, and its efforts have been largely experimental in nature. It is unlikely that the Council will fund any large-scale program over any substantial period of time, except for those cities that are already participating in the Integrated Grant Administration* program.

Lack of funding for existing categorical programs compounds the problem of coordination. Cities are hesitant to make any major new effort without greater assurance of funding over a two- to three-year period.

In summary, there is a recognition among some local administrators that certain management reforms to improve the City's coordination capabilities are desirable. There is interest in a chief executive review and comment system. There is interest in providing the chief executive with proper staff to undertake coordinated programming. At the same time there is a hesitancy to believe that a local effort will be effective in coordinating federal programs. Local administrators feel that coordination efforts receiving local support should be directed at coordinating local delivery systems. If that job is well done the City will then be in a position to request the federal government to respond with a package of assistance designed to meet these needs. Further they feel that the federal government has the responsibility to coordinate its own programs or to consolidate them into bloc grants.

At the present time San Francisco should not rely on federal programs to encourage local management capability. With the possible exception of special revenue sharing legislation the City should not anticipate a real diminution of categorical programs. The City can expect that funds for some programs may be frozen or impounded.

*The Integrated Grant Administration (IGA) program is an experiment involving 20 cities. Each city was asked to prepare an application which spelled out its needs in various policy areas and the mix of categorical programs that it felt were needed. The Council responded through IGA by creating the necessary mix of programs from its member agencies. The cities dealt with a single federal agency for all programs and received essentially a bloc grant for a certain programmed group of activities.

The best course for San Francisco would appear to be one of increasing local monitoring of federal programs coming to San Francisco. In this way the City can keep track of all federal assistance coming to the City and where appropriate comment on applications. At the same time the City should begin to develop programs in major policy areas that spell out the City's present needs, capabilities, and the level of state and federal assistance necessary to fulfill the needs. The City should not become actively involved in coordinating categorical programs.

The City should explore means of permitting greater coordination among the various technical program staffs. New organizational arrangements within the Mayor's Office should be discussed with an eye toward sharing information among existing technical staff and developing some procedure for reviewing all federal programs.

objective: improve citizen understanding of priorities and resource allocations.

This objective of new federal management programs is perhaps the hardest to define, and examples in San Francisco are few. In general the objective of all management programs is to get the best performance for the money and to make clear the choices and the alternatives. When the level of information is improved and the choices are made clear, citizens can better express their position on alternative courses of action. During the past four years there has been no expansion of traditional citizen participation in federal programs. Emphasis has been shifted away from neighborhood-based community organizations, and placed on creating higher level citizen advisory bodies to review the work of the new technical programming staffs.

In San Francisco there are hundreds of citizen participation groups, many of them created by OEO and HUD programs. In recent years citizen groups have also been formed to deal with the specific work of the new management efforts. A Manpower Planning Council was created to review manpower proposals and advise the Mayor on manpower issues. A Criminal Justice Council was created for similar purposes concerning Law Enforcement Administration programs. In the spring of 1972 the Citizens Committee on Community Development was created by the Mayor. This committee was created to review and comment

on community development proposals. It also received a broad mandate to advise the Mayor on improving the effectiveness of citizen participation in San Francisco. These new groups have not supplanted existing community participation units but have become involved in broader policy issues.

To date the federal objective of improving citizen understanding of priorities and resource allocations remains essentially an ambition. There has been an effort by HUD to revise some of its criteria for citizen participation, but HUD has not attempted to restructure existing organizations or assure that the existing groups are provided with better information resources and alternatives.

San Francisco has explored new methods of involving citizens in decision-making, not fully recognized by federal agencies. The Department of City Planning has been working actively with community organizations in the preparation and review of Comprehensive Plan revisions and Area Plans. Over the past few years the City Planning Commission has held a large number of special public hearings to review proposed comprehensive planning and area planning documents. From time to time the Department of City Planning has worked with other city agencies, such as the Department of Public Works and Public Utilities Commission, in arranging public meetings to discuss various proposed public actions.

San Francisco is perhaps unique in its use of public hearings to solicit comments and criticism from community groups on the expenditure of General Revenue Sharing money. The City went beyond the minimum reporting requirements of the legislation because the Mayor sought to involve citizens in considering the alternatives and establishing priorities for expending this money. With the advent of special revenue sharing, it is expected that citizens also will be heavily involved. San Francisco has a long tradition of active citizen involvement in the processes of government, and it would be impossible for the City to do less in the future than it does presently.

Recent legislation has tended to diminish the role of citizen organizations and to increase the role of the chief executive. Newly created community participation units in manpower, criminal justice, and community development serve more as advisors to the Mayor and have somewhat less autonomy than earlier groups. Even in programs such as Model Cities the federal government has made it clear that the citizen elements are now subordinant to the chief executive.

At the present time most federal requirements for citizen participation mandate the formation of a group. Such groups often are to be composed of representatives of certain ethnic, neighborhood, or economic interests. Local as well as national experience indicates that such a narrow conception of citizen participation is not always the best solution to the problem, as there are a variety of problems, and there are a variety of ways of achieving meaningful citizen participation in the policy-making of government. San Francisco should now press federal agencies to permit greater flexibility in citizen participation through the development of performance criteria.

The problem locally is not stimulating participation but rather making public bodies more accessible to community groups and responding to community efforts in the most effective manner. General revenue sharing in San Francisco has been one more step in this direction.

With the potential termination of programs such as OEO and Model Cities the City needs to give thought not only to how the activities of these programs are to be carried on but how the citizen participation is to be carried on. Various proposals have been made such as establishing local organizations to approximate EOC and Model Cities; appointing members of the EOC and Model Cities councils to existing City commissions and boards; electing neighborhood councils in all neighborhoods of the City; establishing town meetings in all neighborhoods. These and other ideas must be discussed. If federal agencies will permit the City greater flexibility, a more creative and effective resolution of these circumstances is likely to be found.

The City's Objectives

From an analysis of the City's present management mechanisms, there appear to be four major management objectives. They can be deduced from the Charter and present City operations and are stated as follows:

- Provide extensive citizen participation in the policy-making and administration of City departments through boards and commissions.
- Provide strict accountability of all local revenues and expenditures through an independent Controller and a line-item budget.

- Provide for a broad diffusion of power through commissions, the CAO, and limitations upon the administrative interference of the Mayor and the Board of Supervisors.
- Encourage intragovernmental coordination in the planning and programming of capital improvements.

The City's management objectives are established by Charter and tradition. They are unlikely to change dramatically in the coming years. None of these objectives conflicts directly with the federal objectives, but there are areas where a certain tension exists between them. Most important is the tension between the City's objective of providing a broad diffusion of administrative responsibility and the general tendency of federal management programs to emphasize the responsibilities of the chief executive. The Mayor of San Francisco has the Charter responsibility of enforcing cooperation among City agencies and of preparing the annual budget although he cannot direct the administration of individual departments. In the areas of both cooperation and budgeting the Mayor of San Francisco has committed himself to working toward certain management reforms. The Mayor is committed to providing leadership and effecting local coordination in key areas; however, the Mayor cannot be expected to assume actual administrative responsibility for the expenditure of such funds. Federal agencies need to be aware of this constraint.

The City's objective of providing strict accountability of funds through a line item budget contrasts somewhat from the programming emphasis of new federal directions. At this time the City is contemplating developing some form of program budgeting to supplement the line item budget. Various City departments are also experimenting with more sophisticated management reporting and planning systems such as the use of detailed work programs to project the coming year's work load and budget. With the Charter requirement that the City maintain a line item budget, action in this area is likely to be slow.

The City objective regarding the development of a long-range Capital Improvement Program is consistent with the federal objective for improving management capabilities.

CONCLUSIONS

In summary, it should be clear that the City and County of San Francisco and the federal government come to the issue of management reform from somewhat different places. Both have somewhat different objectives, and while they do not conflict with one another, they do have different emphases. There are deficiencies in the way both the local government and the federal government seek to achieve their objectives.

This report has identified the present management procedures of the City and the new programs sponsored by the federal government. It has suggested ways in which the City can better meet its own objectives and how it can take best advantage of federal programs. This report has also indicated some of the constraints within which the City operates and ways in which federal regulations could be changed to suit local needs better.

There should be no question that the new emphasis of federal programs on improved local management is likely to continue.

However, local management programs are dependent upon the degree to which federal agencies are willing to actually relinquish program decision-making and the degree to which federal policies and legislation permit the consolidation of existing categorical programs. To date it has not been clear that the agencies are willing to relinquish that responsibility, and federal legislation has been minimal. If local governments are to take on increasing responsibilities for programming federal assistance, then the administrative responsibility of federal agencies should diminish. To date federal officials have continued to be fully involved in the review and approval of local grant applications and program activities. Unless federal staffs actually turn over a fair portion of the decision-making responsibilities to local governments, the new management programs will only add an additional layer of local bureaucracy.

*but some agency
of city should
hand it over
to city to accept
that responsibility*

The number of categorical programs should be reduced and put in flexible packages at a comparable level of funding. To an extent this can be achieved through administrative arrangements within federal agencies. To be complete, legislation is required. If categorical programs are not consolidated, or greater flexibility is not built into the use of those programs, then improved local programming capabilities only will be frustrated in attempting to better utilize federal money at the local level. San Francisco is in a good position to begin taking advantage of new revenue sharing programs. Certain local efforts to adapt to the new circumstances are still required and should be accompanied by cooperative efforts and financial assistance from federal agencies. The City needs to continue working internally as well as pressing for changes in federal procedures and regulations.

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The number of congressional members should be reduced and put in
district packages at a congressional level to handle. In an event this
can be achieved through the introduction of legislation, it is essential
to be prepared, legislation is required. If the congressional
packages are not consolidated, or if the legislation is not put into
the act of these packages, then the congressional packages are
only will be included in attempting to legislate the federal agency or
the federal level. The legislation is in a new position to legislate
either type of new revenue sharing between. The federal level should to
help in the new circumstances are well defined and should be recog-
nized the congressional efforts and financial assistance have helped
congress. The City needs to recognize working together as well as
providing the changes in federal government and legislation.

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